

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 2/3/2015	(3) CONTACT/PHONE Kerry Bailey, 788-2979	
(4) SUBJECT Submittal of the County of San Luis Obispo's audited Comprehensive Annual Financial Report (Clerk's Filed), Single Audit Report (Clerk's Filed), Agreed-Upon Procedures Report for the Los Osos Landfill Financial Means Test Certification, and required communications letter for the Fiscal Year Ended June 30, 2014. All Districts.			
(5) RECOMMENDED ACTION It is recommended the Board receive, review and file the County of San Luis Obispo's Comprehensive Annual Financial Report (CAFR), the Single Audit Report, the Agreed-Upon Procedures Report, and the communications letter for the fiscal year ended June 30, 2014.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: <u>2/25/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: James Erb, CPA Auditor - Controller - Treasurer - Tax Collector

DATE: 2/3/2015

SUBJECT: Submittal of the County of San Luis Obispo's audited Comprehensive Annual Financial Report (Clerk's Filed), Single Audit Report (Clerk's Filed), Agreed-Upon Procedures Report for the Los Osos Landfill Financial Means Test Certification, and required communications letter for the Fiscal Year Ended June 30, 2014. All Districts.

## **RECOMMENDATION**

It is recommend the Board receive, review and file the County of San Luis Obispo's Comprehensive Annual Financial Report (CAFR), the Single Audit Report, the Agreed-Upon Procedures Report, and the communications letter for the fiscal year ended June 30, 2014.

## **DISCUSSION**

The County of San Luis Obispo's Comprehensive Annual Financial Report (CAFR) is mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require the County to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. We are also submitting the County's Single Audit Report and the Agreed-Upon Procedures Report for the Los Osos Landfill Financial Means Test which were prepared in conjunction with the audit of the County's annual financial statements performed by the independent accounting firm of Gallina LLP, CPAs.

The primary purpose of the CAFR is to disclose the financial position of San Luis Obispo County as of June 30, 2014, together with the results of its operations for the 2013-2014 fiscal year. The CAFR is organized into four main sections; the introductory section, financial section, required supplementary information and the statistical section.

The introductory section, which begins on page one, includes a letter of transmittal, general information on the government's structure and personnel as well as information useful in assessing the County's financial condition.

The financial section begins on page fifteen with an unqualified opinion from the independent auditors, Gallina LLP, CPAs. This clean bill of health is the auditors' attestation that the statements are presented fairly and in conformity with generally accepted accounting principles. Management's Discussion and Analysis (MD&A) follows the opinion report. The MD&A provides users of the basic financial statements with a narrative introduction, overview, and analysis of basic financial statements.

The Basic Financial Statements follow the MD&A and represent the core of the CAFR's financial section. The basic financial statements include *government-wide financial statements, fund financial statements, and notes to the financial statements*. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The fund financial statements contain separate statements for governmental, proprietary and fiduciary fund types and focus on major fund reporting. The notes to the financial statements are presented last and are an integral part of the basic financial statements.

The Required Supplementary Information follows the notes and contains a Budgetary Comparison Schedule for the General Fund and Schedules of Funding Progress for the County's Defined Benefit and Other Post Employment Benefits

Plans.

Following the financial statements is a series of combining statements. These combining statements provide support for each column in the basic financial statements that aggregates data from more than one fund. Detail budgetary schedules for all governmental funds with adopted budgets follow the combining statements.

The statistical section of the CAFR includes charts and graphs which offer a wide range of financial, economic and demographic comparisons for the current and past nine fiscal years. These statistics provide easily readable economic analysis and insight into the County's financial stability.

The Certificate of Achievement for Excellence in Financial Reporting has been awarded to San Luis Obispo County for the last twenty-eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we have submitted it to the Government Finance Officers Association (GFOA) for a determination.

Included with the CAFR is the Single Audit Report which presents the results of the audit on federal programs in compliance with the U.S. Office of Management and Budget (OMB) Circular A-133. Copies of both reports are available on the County's website ([www.slocounty.ca.gov/AC](http://www.slocounty.ca.gov/AC)) under Auditor-Controller Financial Reports.

Also included with the CAFR is the Agreed-Upon Procedures report which presents the results of the external auditor's procedures performed regarding the Los Osos Landfill Financial Means Test Certification.

Finally, also submitted is a required communications letter provided by our auditors. The purpose of the letter is to communicate to the Board the scope of audit procedures performed, significant findings, and other information, such as audit adjustments and significant estimates that aren't communicated in the audited financial statements. Reported with the letter is an audit finding involving two receipts for State Aid that were recorded in the wrong fiscal year in the Capital Projects Fund. The payments were received after the June 30 year end, one in late July and one in early August. The total amount of the two payments was approximately \$3,300,000. These two payments, for annual reporting purposes, should have been posted to the prior fiscal year. The oversight was identified by the outside auditors and corrected in the fiscal year 2013-2014 CAFR. The finding was a financial statement reporting issue and did not impact operations. This finding was a result of us not training new staff assignments properly and emphasizing the importance of the year-end review of subsequent deposits. We have provided training on our current procedures which will prevent this from happening again.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

Preparation of this report requires the cooperation and assistance of all county departments. We especially appreciate the contribution made by the staff of Public Works, General Services, and Pension Trust.

#### **FINANCIAL CONSIDERATIONS**

The funding for these audited reports has been previously approved. No additional funding is required. This CAFR will be supplied to bond rating firms and governmental regulatory agencies for their use.

#### **RESULTS**

Completion of these reports enables the County to comply with the State and Federal reporting requirements and provide the Board of Supervisors and the public with county-wide audited financial information.

#### **ATTACHMENTS**

1. FY 13-14 Los Osos Landfill Report
2. FY 13-14 Gallina Communication Letter
3. Clerk's Filed Attachment